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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re:

Chapter 11

SEARS HOLDING CORPORATION, *et al.*,

Case No. 18-23538 (RDD)

Debtors.

(Jointly Administered)

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**ARCA INDUSTRIAL (NJ), INC.'S LIMITED OBJECTION REGARDING  
DEBTORS' NOTICE OF INITIAL DISTRIBUTION  
PURSUANT TO ADMINISTRATIVE EXPENSE CLAIMS CONSENT PROGRAM**

1. Arca Industrial (NJ) Inc. ("Arca") hereby files this limited objection (the "Objection") to Debtors' Notice Regarding Initial Distribution Pursuant to Administrative Expense Claims Consent Program (Docket No. 6186). In support of the objection, Arca states as follows:

2. Arca timely submitted Proof of Claim Nos. 2957 and 5167 (which are incorporated herein by reference), and timely submitted ballots opting-in to the Debtors' Administrative Expense Claims Consent Program (the "Consent Program") and has fully complied with the requirements of that program.

3. Arca also promptly responded, on November 26, 2019, to the e-mail of Debtors' Restructuring Advisor, M-III Partners, L.P., requesting a spreadsheet summarizing the information on, and support for, Arca's claim. Arca's response provided all of the requested information on a spreadsheet to Debtors' Restructuring Advisor as requested, and Arca requested

that Debtors confirm that they would allow the amount in an Expedited Reconciliation of the claim pursuant to the Consent Program.

4. Arca also made a filing with the Court on November 26, 2019 (Docket No. 6092) indicating that it desired for Debtors to negotiate with Arca in good faith so that an Expedited Reconciliation of Arca's claim could be reached and Arca could participate in the initial distribution pursuant to the Consent Program. (Id. ¶¶ 1, 7, and 23.)

5. However, Debtors and their advisors did not make any effort whatsoever to negotiate with Arca to reach an Expedited Reconciliation of Arca's administrative expense claim.

6. Arca has acted in the utmost good faith to reach an Expedited Reconciliation of its claim with Debtors, but Debtors have not reciprocated, have simply ignored Arca, and have acted in bad faith by refusing to engage in any claim negotiations with Arca as required by the Consent Program—indeed the Debtors have never even disclosed to Arca any amount that Debtors would be willing to pay in an Expedited Reconciliation of Arca's Administrative Expense claim under the Consent Program.

7. Despite Arca's full compliance with the opt-in procedure in the Consent Program, and despite no advance notice to Arca whatsoever, Debtors did not include Arca as an Initial Distribution participant in its Notice of Initial Distribution.

8. Debtors' failure to engage in good faith negotiations to reach an Expedited Reconciliation of Arca's administrative claim under the Consent Program, and Debtors' failure to advise Arca that it would not be included in the Initial Distribution prior to Debtors' Notice of Initial Distribution, has deprived Arca of the benefit of its bargain in opting in to the Consent

Program, has deprived Arca of the consideration for it agreeing to opt in to the Consent Program, and further has deprived Arca of its due process rights.

9. Debtors' unilateral decision to exclude Arca from the Initial Distribution without any good faith effort to reach an Expedited Reconciliation of Arca's administrative expense claim constitutes an egregious and material violation of the Consent Program by Debtors, and constitutes an improper preference by Debtors of payment to certain creditors over other like creditors in violation of Bankruptcy law.

10. As a result of Arca opting in to the Consent Program and Debtors' failure to make any offer whatsoever to resolve the claim on an Expedited Reconciliation basis, Arca objects to not being included as an Initial Distribution participant and hereby requests that this honorable Court issue an order adding Arca as an Initial Distribution participant in the amount specified on Arca's proofs of claims (Claim Nos. 2957 and 5167) and opt in ballots, capped at 80% in accordance with the terms of the Consent Program.

Respectfully submitted,

Dated: Cleveland, Ohio.  
December 13, 2019

MILLER GOLER FAEGES LAPINE LLP

By: /s/ Deborah J. Michelson

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I, Deborah J. Michelson, an attorney admitted to practice in the State of New York, hereby certify that, on December 13, 2019, I caused true and complete copies of ARCA INDUSTRIAL (NJ), INC.'S LIMITED OBJECTION REGARDING DEBTORS' NOTICE OF INITIAL DISTRIBUTION PURSUANT TO ADMINISTRATIVE EXPENSE CLAIMS CONSENT PROGRAM to be served upon each of the parties listed below via pre-paid properly addressed U.S. mail:

The Honorable Robert D. Drain  
United States Bankruptcy Judge  
United States Bankruptcy Court, S.D.N.Y.  
300 Quarropas Street, Room 248  
White Plains, NY 10601

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M-III Partners, LP  
c/o Colin M. Adams  
c/o Brian Griffith  
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Dated: Cleveland, Ohio.  
November 26, 2019

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